

## Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-08 STR-04 AGRE-00 CEA-01  
CIAE-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15 ITC-01  
TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 /084 W  
-----103541 191836Z /43

P 191643Z AUG 77  
FM AMEMBASSY BOGOTA  
TO SECSTATE WASHDC PRIORITY 3285

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EO 11652: NA  
TAGS: ETRD CO  
SUBJ: TAXES ON THE IMPORT OF ENGINEERING SERVICES

REF: STATE 196238

1. REFTEL RECEIVED LATE AUGUST 18.

2. THE 40 PERCENT TAX IS ON THE GROSS VALUE OF THE IMPORTED ENGINEERING SERVICE. THE 12 PERCENT IS ON THE AMOUNT PAID TO THE COMPANY, HENCE, IT IS 12 PERCENT OF THE REMAINING 60 PERCENT, OR A TOTAL TAX ON THE VALUE OF 47.2 PERCENT. THE ENTITY THAT CONTRACTS FOR THE SERVICE NATURALLY MUST PAY THE TAXES. FOR INSTANCE, IF THE U.S. ENGINEERING COMPANY ESTIMATES THAT THE COST PLUS DESIRED PROFITS OF A JOB MUST TOTAL \$100, ITS BID WILL BE \$189. IT WILL PAY 40 PERCENT TAX ON THIS AMOUNT AND WILL APPLY TO REMIT \$113, ON WHICH IT WILL PAY A 12 PERCENT TAX OR \$13. THE U.S. ENGINEERING COMPANY RETURNS TO THE U.S. WITH THE DESIRED \$100, THE GOVERNMENT KEEPS \$89 AND THE CONTRACTOR HAS PAID \$189 FOR A \$100 JOB.

3. THESE TAXES ACT EXACTLY AS A TARIFF. IF A COLOMBIAN IS TO USE FOREIGN ENGINEERING SERVICES HE

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MUST PAY 89 PERCENT MORE, OR ALTERNATELY THE FOREIGN ENGINEERS CAN COME IN UNDER THE TARIFF BY ESTABLISHING A COMPANY IN COLOMBIA. HOWEVER, EVEN IF A FOREIGN COMPANY ESTABLISHES ITSELF IN COLOMBIA THE DISCRIMINATION CONTINUES. THE FOREIGN ENGINEERING FIRM CAN NOT DRAW UPON ITS HOME BASED EXPERTISE UNLESS IT EITHER BRINGS IT TO COLOMBIA, PAYS THE TAX, PROVIDES IT FREE OR OVER-

CHARGES THE COLOMBIAN PORTION OF THE ENGINEERING BILL.  
IF ONE LOOKS AT THE TAX EXACTLY AS TARIFF, ITS FULL  
ECONOMIC AND DISCRIMINATORY IMPLICATIONS AND ALL THEIR  
PERMUTATIONS ARE QUITE OBVIOUS.  
DREXLER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CUSTOMS DUTIES, IMPORTS, ENGINEERING  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 19-Aug-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977BOGOTA07745  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770300-0439  
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**Line Count:** 67  
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**Litigation History:**  
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**Message ID:** 2a280358-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION COME  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
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**Reference:** 77 STATE 196238  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
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**Review Release Event:** n/a  
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**Review Withdrawn Fields:** n/a  
**SAS ID:** 1553904  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TAXES ON THE IMPORT OF ENGINEERING SERVICES  
**TAGS:** ETRD, CO  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/2a280358-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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